



# THRIFT SAVINGS PLAN A TO Z PART I

STEWART KAPLAN, AFC®, RFC, RPA

**FEDERAL RETIREMENT THRIFT  
INVESTMENT BOARD**

77 K Street, NE Washington, DC 20002

1-877-968-3778 · TSP.GOV

# Some Benefits of the TSP...

**Automatic  
enrollment  
& payroll  
deduction**

**Choice of  
broadly  
diversified  
investment funds  
that provide  
comprehensive  
coverage of each  
asset class**

**Extremely  
low  
expenses**

**Choice of:  
pre-tax  
and/or  
after-tax  
contributions**

**Agency  
contributions  
for FERS &  
BRS!  
1% automatic &  
4% maximum  
match**

**Income from  
securities  
lending  
improves the  
investment  
fund returns**

**Ability to keep  
TSP for Life –  
Simplify and  
save \$ by  
transferring in  
other eligible  
accounts**

**G Fund – No  
risk of negative  
returns and  
backed by the  
full faith and  
credit of the  
U.S.  
Government**



# Agenda

- Make Wise Decisions Today: Retire With Dignity Tomorrow
- Saving for Retirement: Your TSP Contributions
- Choosing a Tax Treatment: Traditional or Roth?
- Getting the Most Bang for Your Buck: Saving in the Thrift Savings Plan
- Accessing your TSP Money While Still Employed: Loans and In-Service Withdrawals



# Retire With Dignity Tomorrow

Make Wise Decisions Today



# Sources of Income in Retirement



**Job in  
retirement?**

**Pension(s)**

**Social Security**

**Savings (TSP)**

# Defined Benefit vs. Defined Contribution Plans

## Defined Benefit Plans (pension or military retirement)

Retirement income  
based on a pre-  
determined formula

Employer makes  
investment decisions  
and bears the risks

## Defined Contribution Plans (Thrift Savings Plan)

Retirement income  
based on account  
balance at retirement

Employee makes  
investment decisions  
and bears the risks

It's  
all up  
to  
YOU!

# TSP account balance at retirement depends on:

You choose when you begin to contribute

How long you make contributions

You choose how much you will contribute

How much you contribute

How much your balance grows

How much returns are reduced by expenses

You choose an asset allocation strategy

The plan determines the expenses



Make wise decisions today, retire with dignity tomorrow

# Actions that **positively** affect TSP balance

## **FERS: contribute enough to get full agency match**

- **Contribute five percent to get maximum agency match of four percent**
- **Applies on a per pay date basis - NOT an annual basis**

## **Allocate contributions to investment funds based on appropriate balance of risk to return**

- **Periodically rebalance and reallocate based on a long-term strategy**
- **Or choose a Lifecycle fund – rebalancing and reallocations occur automatically**



# Actions that **may negatively** affect TSP balance

**Using TSP to access savings to meet short-term needs**

- Loans
- Financial Hardship Withdrawals

**Frequent Interfund Transfers**

- Short-term, tactical moves using index funds is generally an unsuccessful long-term investment strategy

# Your TSP Contributions

Saving for Retirement



# Contribution sources and limits

## Participant Contributions

**Regular**  
(2017 limit =  
\$18,000)

**Traditional  
and Roth**

**Catch-Up\***  
(2017 limit =  
\$6,000)

**Traditional  
and Roth**

\*Participants  
turning age 50  
or older in the  
calendar year  
may make  
additional  
contributions to  
the TSP

## Agency Contributions (FERS Only)

**Agency  
Automatic 1%**

**Traditional**

**Vesting  
requirement**

**Agency  
Matching**

**Traditional**

**No vesting  
requirement**

# FERS Contributions

## Employee Contributions

- All new and rehired employees auto-enrolled at 3% (opt out option)
- Any whole dollar amount or percentage up to IRS elective deferral limit
- No vesting rule

## Agency Contributions\*

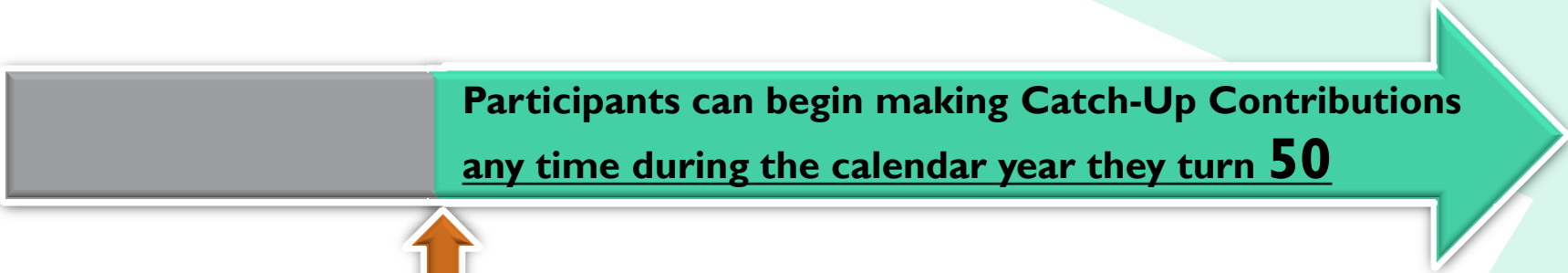
- Agency Automatic (1%) Contributions
  - Subject to vesting
- Agency Matching Contributions\*
  - Based on first 5% of employee contributions per pay period, whether traditional or Roth
  - 4% Maximum
    - \$1/\$1 for first 3%
    - 50¢/\$1 for next 2%
  - No vesting rule

### Agency Contributions to Your Account (FERS Employees Only)

You put in:	Your agency puts in:	And the total contribution is:
	1% Contribution      Matching Contribution	
0%	1%	0%
1%	1%	1%
2%	1%	2%
3%	1%	3%
4%	1%	3.5%
5%	1%	4%
More than 5%	1%	4%
		Your contribution + 5%

\*NOTE: CSRS not eligible for Agency Automatic or Agency Matching Contributions

# Catch-Up Contributions



Participants can begin making Catch-Up Contributions any time during the calendar year they turn 50



**January 1**

- In addition to the regular TSP contributions
- Dollar amount only
- Require a separate election
- A new election must be submitted for each calendar year
- Electronic election or TSP-I-C/TSP-U-I-C
- Maximum contribution for 2017 is \$6,000
  - Must self-certify intent to make regular contributions up to the elective deferral limit
- No agency matching on catch-up contributions

# Choosing a Tax Treatment

**Traditional**

or

**Roth**

# Traditional TSP Contributions

- Traditional contributions are deducted from gross pay before taxes
  - Lowers current taxable income and gives a tax break today
  - BOTH contributions and earnings grow tax-deferred
- Agency Automatic 1% and Agency Matching contributions will always be traditional
- Lowers Adjusted Gross Income (AGI) and may:
  - Create or enhance eligibility for the Saver's Credit
  - Increase amount of certain itemized deductions
  - Allow high-income taxpayers to make Roth IRA contributions in addition to TSP
- Both contributions and earnings are taxable as ordinary income at tax rates in effect when withdrawn



# Retirement Savings Contribution Credit (Saver's Credit)

## 2017 AGI Limits\*

Married Filing Joint	Single	Maximum Credit Per Person
Less than \$37,001	Less than \$18,500	50% of your contribution (\$1,000)
\$37,001 - \$40,000	\$18,501 - \$20,000	20% of your contribution (\$400)
\$40,001 - \$62,000	\$20,001 - \$31,000	10% of your contribution (\$200)
AGI greater than \$62,000	AGI greater than \$31,000	0% of your contribution (no Credit)

### Example:

**Filing Status: MFJ**

**Gross Income: \$41,000.00**

**10% (Traditional):- \$4,100.00**

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**Taxable Income: \$36,900.00**



\*Columns for tax filing status Married Filing Separately and Head of Household deleted for readability.  
For complete information, see: IRS Form 8880, Credit for Qualified Retirement Savings Contributions



# Roth TSP Contributions

- Roth contributions are deducted from gross pay after taxes
  - Does not affect current taxable income
  - Contributions will not be taxed again
  - Earnings grow tax-deferred until they become “qualified”
    - Qualified earnings are tax-free\*
- Does not affect Adjusted Gross Income (AGI) and may
  - Reduce or eliminate eligibility for the Saver’s Credit
  - Reduce amount of certain itemized deductions
  - Not allow high-income taxpayers to make Roth IRA contributions in addition to TSP
- No conversions of existing Traditional TSP balance to Roth TSP



\*Qualification rules for Roth Earnings are discussed on next slide

# Roth TSP – Qualification Rules

- **Qualified earnings**

- First TSP Roth contribution must meet 5-year rule
  - Prior participation in a Roth 401(k) transferred into TSP counts toward 5-year rule
  - Once 5-year rule is met, participant retains it for the life of their TSP account
- Age 59½; disabled; or deceased
- BOTH must be met

- **Nonqualified earnings**

- Earnings are tax deferred and subject to IRS 10% early withdrawal tax unless participant meets an exception\*



\* One common exception is when a participant receives distributions after they've separated in the calendar year they reach age 55 or older (or in the calendar year they reach age 50 or older for certain public safety employees)

# Traditional or Roth?

(non-animated version of previous slide)

Equal impact on annual net pay

Current tax  
rate is:

25%

You make a  
Traditional  
Contribution of  
\$10,000

OR

You make a Roth  
Contribution of  
\$7,500  
(and pay \$2,500 in  
Federal income taxes  
for current year)

(assuming 7% average  
annual rate of return)

After tax  
distribution

Tax free distribution

In 25 years,  
tax rate is:

15% → \$46,133

25% → \$40,706

28% → \$39,078

\$40,706

\$40,706

\$40,706

# Roth TSP vs. Roth IRA Limits

	Roth Employer Plans (e.g., Roth TSP)	Roth IRA
<b>2017 Income Limits</b>	Available to all participants regardless of income	Not available to taxpayers with income above certain limits: MFJ - \$186,000 to \$196,000 MFS - \$0 to \$10,000 All others - \$118,000 to \$133,000
<b>2017 Contribution Limits</b>	\$18,000 (plus an additional \$6,000 if turning age 50 or older)	\$5,500 (\$6,500 if turning age 50 or older)

# Maximizing Your Match

- Ed earns \$3,000 gross pay per pay period and contributes 30%
- Susan earns \$3,000 gross pay per pay period and contributes \$693

ED	30% EC	4% Match
PC #1 to PC #20	\$900 each	\$120 each
<b>PC #1 to 20</b>	<b>\$18,000</b>	<b>\$2,400</b>
<b>PC #21 to 26</b>		
PC #21	\$0	\$0
PC #22	\$0	\$0
PC #23	\$0	\$0
PC #24	\$0	\$0
PC #25	\$0	\$0
PC #26	\$0	\$0
<b>PC #21 to 26</b>	<b>\$0</b>	<b>\$0</b>

<b>Total of 20 Contributions</b>	<b>\$18,000</b>	<b>\$2,400</b>
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SUSAN	30% EC	4% Match
PC #1 to PC# 20	\$693 each	\$120 each
<b>PC #1 to 20</b>	<b>\$13,860</b>	<b>\$2,400</b>
<b>PC #21 to 26</b>		
PC #21	\$693	\$120
PC #22	\$693	\$120
PC #23	\$693	\$120
PC #24	\$693	\$120
PC #25	\$693	\$120
PC #26	\$675	\$120
<b>PC #21 to 26</b>	<b>\$4,140</b>	<b>\$720</b>

<b>Total of 26 Contributions</b>	<b>\$18,000</b>	<b>\$3,120</b>
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# Moving Money From Other Plans Into TSP

## Transfer (Direct)

### Eligible Employer Plans (Traditional or Roth)

- 401(k), 403(b), 457(b)
- Sep IRA, SIMPLE

Traditional IRA (Pre-tax only)

NOT Roth, Education or Inherited IRAs

Money moves directly from an eligible plan or retirement account into the TSP

Participant does not have use of the money

## Rollover (Indirect)

### Eligible Employer Plans (Traditional only)

- 401(k), 403(b), 457(b)
- Sep IRA, SIMPLE

Traditional IRA (Pre-tax only)

Participant has use of the money for 60-days

May result in tax withholding and early withdrawal penalty if under age 59.5

Need to complete:

- ① Withdrawal process from eligible plan
- ② TSP-60/TSP-60R



The amount transferred or rolled over into the TSP account is allocated according to the current contribution allocation on file

# Combining TSP Accounts

- If you have both a uniformed services and a civilian TSP account **AND** are separated from the service associated with one of them, you can transfer your balance out of that account and into the other account
- You may transfer in either direction if separated from both

**THRIFT SAVINGS PLAN**  
REQUEST TO COMBINE CIVILIAN AND  
UNIFORMED SERVICES TSP ACCOUNTS

**TSP-65**

**I. INFORMATION ABOUT YOU**

1. Last Name First Name Middle Name  
2. TSP Account Number 3. State of Birth (mm/dd/yyyy) 4. Daytime Phone (Area Code and Number)  
5. Foreign address? Check here. 6. Street Address or Box Number (For a foreign address, see instructions.)  
Street Address Line 2  
7. City 8. State 9. Zip Code

**II. REQUEST TO COMBINE ACCOUNTS** — Indicate how you want to combine your TSP accounts. (Restrictions apply; see instructions.)

10. ☐ Transfer my uniformed services TSP account into my civilian TSP account. (Complete Section III if married CSRS.)  
OR  
☐ Transfer my civilian TSP account into my uniformed services TSP account. (Go to Section IV.)

**III. SPOUSE'S CONSENT TO TRANSFER UNIFORMED SERVICES ACCOUNT INTO CSRS ACCOUNT** — spouse must read the instructions and complete Items 11–13.

Consent: By signing below, I consent to my spouse's request to transfer the money in his or her uniformed services TSP account to a CSRS civilian TSP account. I understand that I am giving up the right to consent to a loan or withdrawal from the funds that are transferred.

11. Spouse's Name (Last, First, Middle)  
12. Spouse's Signature  
13. Date Signed (mm/dd/yyyy)

**Notary:** Please complete the following. No other acknowledgement is acceptable (see instructions).  
The person who signed Item 12 is known to or was identified by me and, before me, signed or acknowledged to have signed the form. In witness thereof, I have signed below on this \_\_\_\_ day of \_\_\_\_ Month, \_\_\_\_ Year.

My commission expires: \_\_\_\_ Date (mm/dd/yyyy) Notary's Signature  
[seal] Notary's Printed Name Notary's Phone Number  
Jurisdiction

14. **Participant:** If you cannot obtain your spouse's signature, provide your spouse's name (in Item 11) and Social Security number here and submit Form TSP-16, Exception to Spousal Requirements, along with this request. Spouse's Social Security Number

**IV. CERTIFICATION** — By signing below, you are authorizing the TSP to combine your civilian and uniformed services TSP accounts. You are certifying that you understand that tax-exempt amounts from the traditional balance of your uniformed services account, if any, cannot be transferred to a civilian TSP account. You are also certifying that, if you are transferring a uniformed services account into a CSRS account and you did not complete Section III, you are an unmarried participant. **Warning:** Any intentional false statement in this application or willful misrepresentation concerning it is a violation of law that is punishable by a fine or imprisonment for as long as 5 years, or both (18 U.S.C. § 1001).

15. Participant's Signature  
16. Date Signed (mm/dd/yyyy)

**Do Not Write Below This Line**

**FORM TSP-65 (4/2012)**  
PREVIOUS EDITIONS OBSOLETE

**Note:** A tax-exempt balance in a uniformed services account cannot be transferred to a civilian TSP account

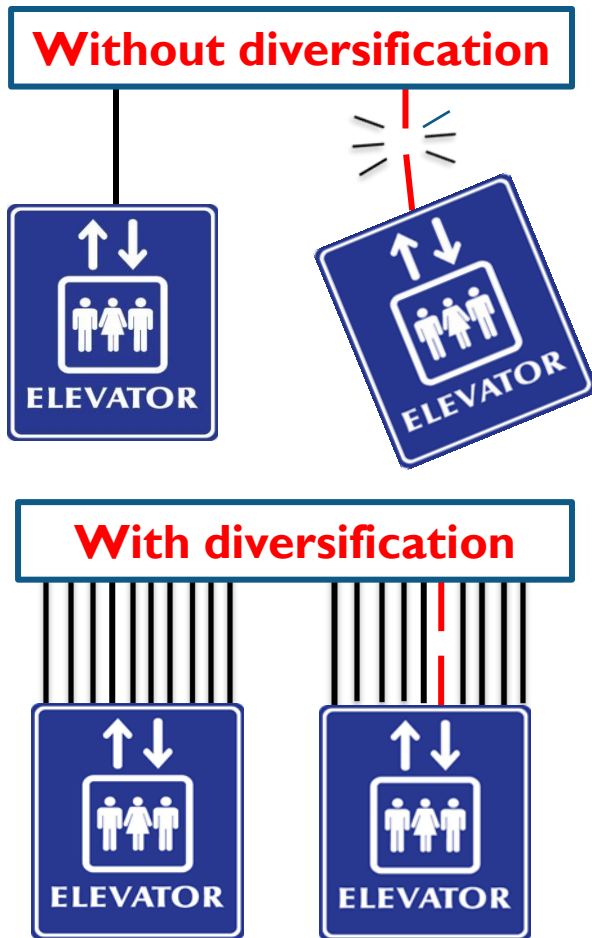
# **Saving in the Thrift Savings Plan**

Getting the most bang for your buck





# Diversification



- Diversification is:
  - Balancing an investment portfolio by dividing it among different securities, industries or classes
- It **reduces risk** because:
  - It combines a variety of investments which are unlikely to all move in the same direction
- The TSP **achieves diversification** by tracking specified baskets of investments called “index investment funds”

# Index Investment Funds

- Facilitate a passive strategy
  - No need to:
    - Pick individual investments
    - Try to time market movements
- Eliminate the anxiety of trying to beat the market
- Reduce trading costs and investment expenses



Image source: <http://finviz.com/map.ashx>

**The TSP's index investment funds are designed to help maximize growth potential**



# Logic of a Passive Investing Strategy

## Efficient Market Theory (“Nobody knows more than the market”)

- A stock’s current price accurately reflects everything investors know about it - **it is not possible for an individual or institutional investor to consistently outperform the market as a whole**
- Professional investors do ~ 90% of all stock market trading, therefore they cannot “beat the market”- **THEY ARE THE MARKET**

**2015 S&P Indices Versus Active (SPIVA) U.S. Scorecard\***: Data shows all four S&P stock indexes for large, mid and small cap companies **outperformed** most US stock funds for the last 1, 3, 5, and 10-year periods

**\*See:** <http://us.spindices.com/resource-center/thought-leadership/research/>

**A passive strategy can help maximize growth potential**



For more information see: “Stick to Your Plan: Avoid Chasing Returns” under “Planning and Tools/Investment Strategy” on [tsp.gov](http://tsp.gov)

# TSP Core Investment Funds

Bloomberg  
Barclays Capital  
U.S. Aggregate  
Bond Index

S&P 500  
Index

Dow Jones U.S.  
Completion  
Total Stock  
Market Index

MSCI EAFE Index

**G**

**F**

**C**

**S**

**I**

Nonmarketable  
short-term U.S.  
Treasury  
security

Specially issued  
to the TSP

**I n d e x   I n v e s t m e n t   F u n d s**

**B o n d s**

**S t o c k s**

High-quality  
fixed income  
securities with  
maturities of  
more than one  
year

Large – Medium  
companies  
~80% of US stock  
market

Medium – Small  
companies  
~the rest of US  
stock market

Large  
companies in  
developed  
countries

← Domestic →

↑  
International



TSP Fund Information on [tsp.gov](http://tsp.gov)  
Investment Option Review in Reading Room on [frib.gov/Reading Room](http://frib.gov/Reading Room)

# TSP Funds Performance Summary

## 10 Year Summary

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
11.43%	5.45%	34.85%	29.06%	7.89%	18.62%	38.35%	13.78%	2.04%	16.35%
7.36%	3.75%	30.04%	15.06%	2.45%	18.57%	32.45%	7.80%	1.46%	12.01%
7.09%	-31.53%	26.68%	13.89%	2.11%	16.07%	23.23%	6.73%	0.91%	7.90%
5.54%	-36.99%	25.19%	7.94%	-0.96%	14.27%	22.13%	6.22%	0.73%	2.91%
5.49%	-38.32%	5.99%	6.71%	-3.38%	4.29%	1.89%	2.31%	-0.51%	2.10%
4.87%	-42.43%	2.97%	2.81%	-11.81%	1.47%	-1.68%	-5.27%	-2.92%	1.82%

**G Fund**

**F Fund**

**C Fund**

**S Fund**

**I Fund**

**L 2040 Fund**

**The returns for the TSP funds represent net earnings after the deduction of administrative expenses, trading costs, and investment management fees**



See the TSP Fund Information sheets or “Fund Performance” at [tsp.gov](http://tsp.gov).

# Costs of Investing with the TSP

	G Fund	F Fund	C Fund	S Fund	I Fund	L Income	L 2020	L 2030	L 2040	L 2050
<b>2016 Administrative Expenses</b>										
<b>Gross</b>	0.052%	0.052%	0.052%	0.051%	0.053%	0.052%	0.052%	0.052%	0.052%	0.052%
<b>Net<sup>1</sup></b>	<b>0.038%</b>	<b>0.038%</b>	<b>0.038%</b>	<b>0.038%</b>	<b>0.039%</b>	<b>0.038%</b>	<b>0.038%</b>	<b>0.038%</b>	<b>0.038%</b>	<b>0.038%</b>
<b>Other Expenses<sup>2</sup></b>										
	0.000%	0.017%	0.004%	0.041%	0.014%	0.003%	0.007%	0.009%	0.011%	0.012%

<sup>1</sup> Net administrative expenses are the expenses charged to TSP participants per dollar invested in the respective funds after offsetting gross administrative expenses with account forfeitures and loan fees.

<sup>2</sup> Fees associated with securities lending are not included in 2016 administrative expenses.

- Consistent with standard practice in the industry, they are charged in addition to administrative expenses.
- The other expenses represent fees paid to the investment manager for administering securities lending programs.

**Income earned from these programs improved the returns of the funds**



# TSP's Net Administrative Expenses Compared with the Average

## Average 401(k) Plan

### TSP



**\$0.38 per \$1,000<sup>1</sup>**



**\$4.30 per \$1,000<sup>2</sup>**

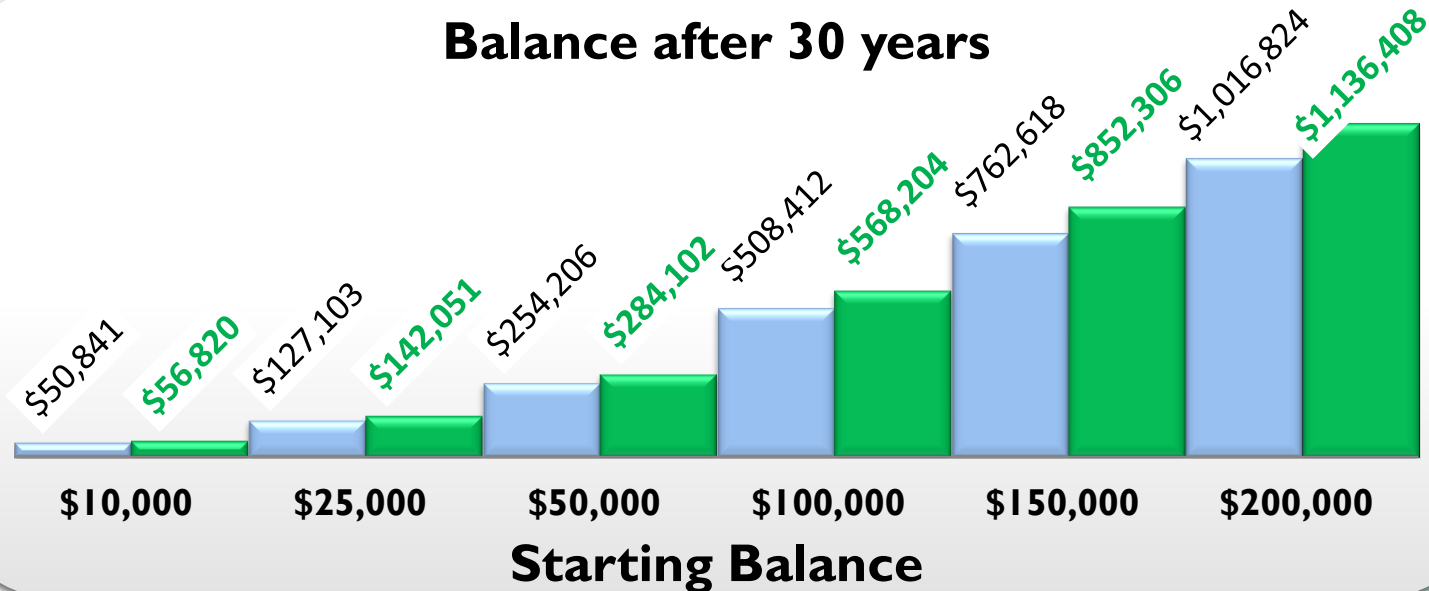
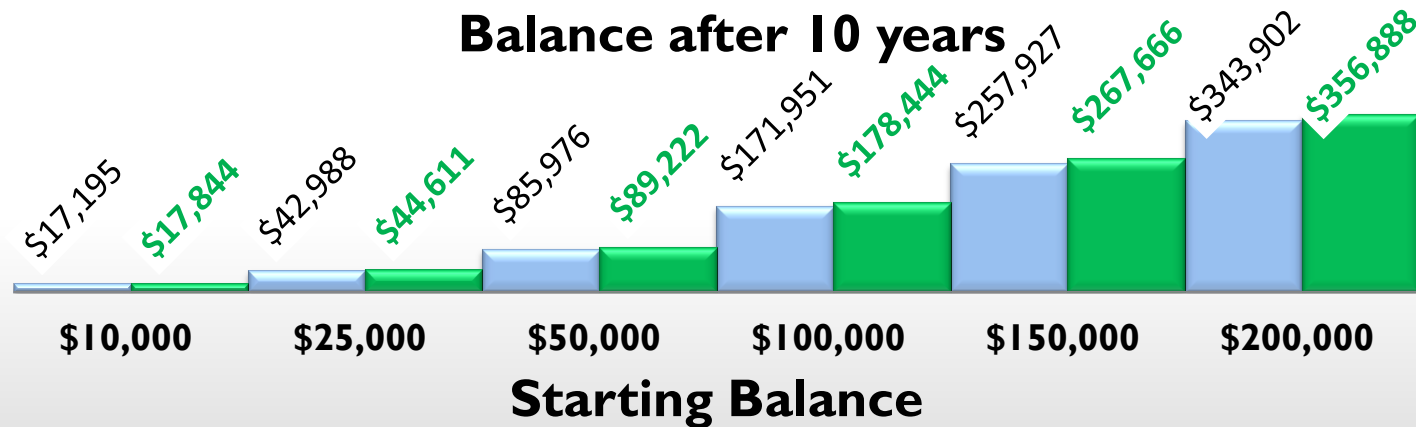
**(Approximately 12 times more than the TSP!)**



<sup>1</sup> Net administrative expenses charged to the TSP participant across all funds, 2016

<sup>2</sup> Median estimated 401(k) plan fees. Source: *11th Annual NEPC Defined Contribution Plan & Fee Survey Webinar, Sep 2016*

# Effect of TSP's Expenses on Long-Term Returns



Avg. 401(k)

TSP

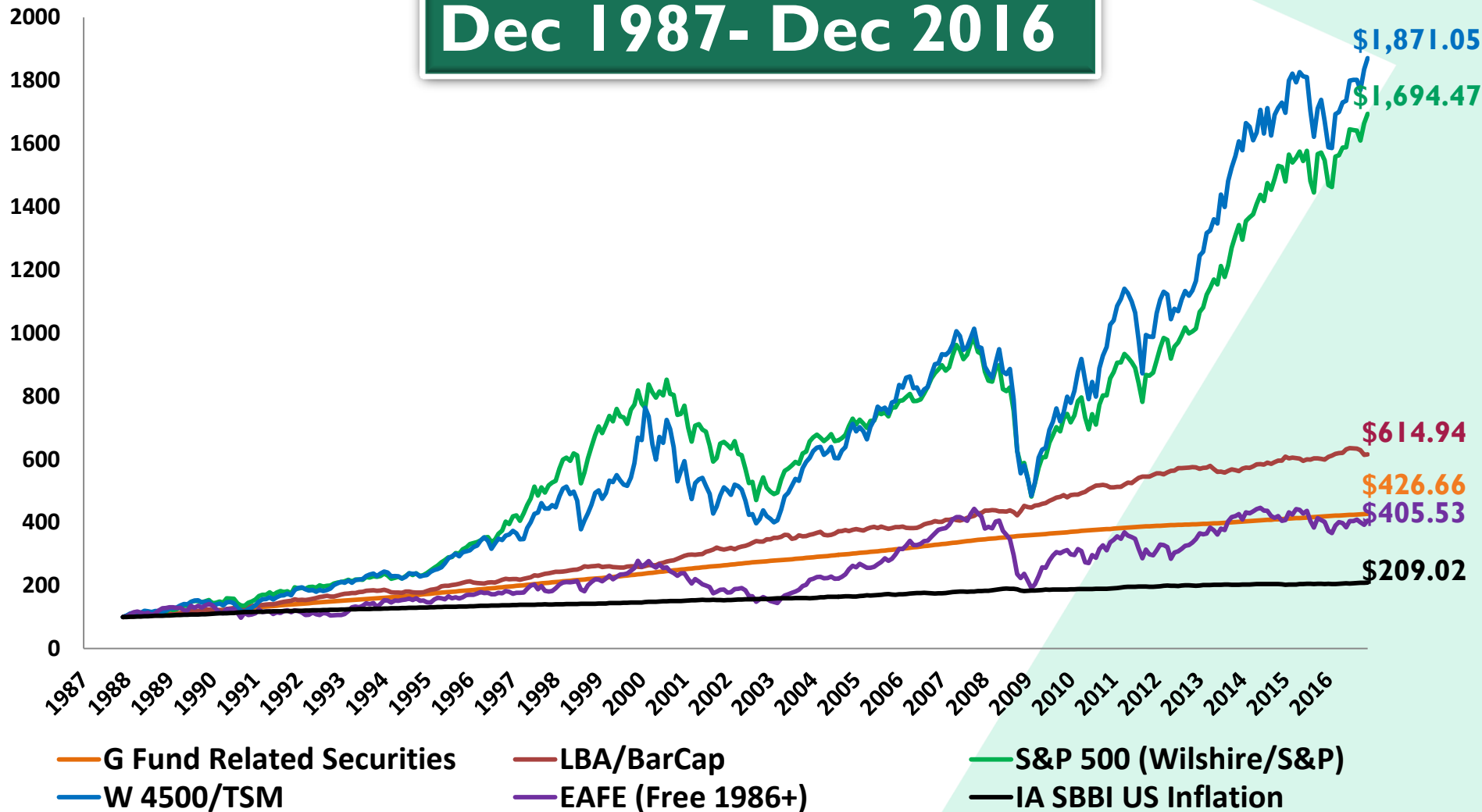


\*Calculation discounts 6.0% RoR by .43% (Avg. 401(k)) and .038% (TSP) with compounding annually to determine values



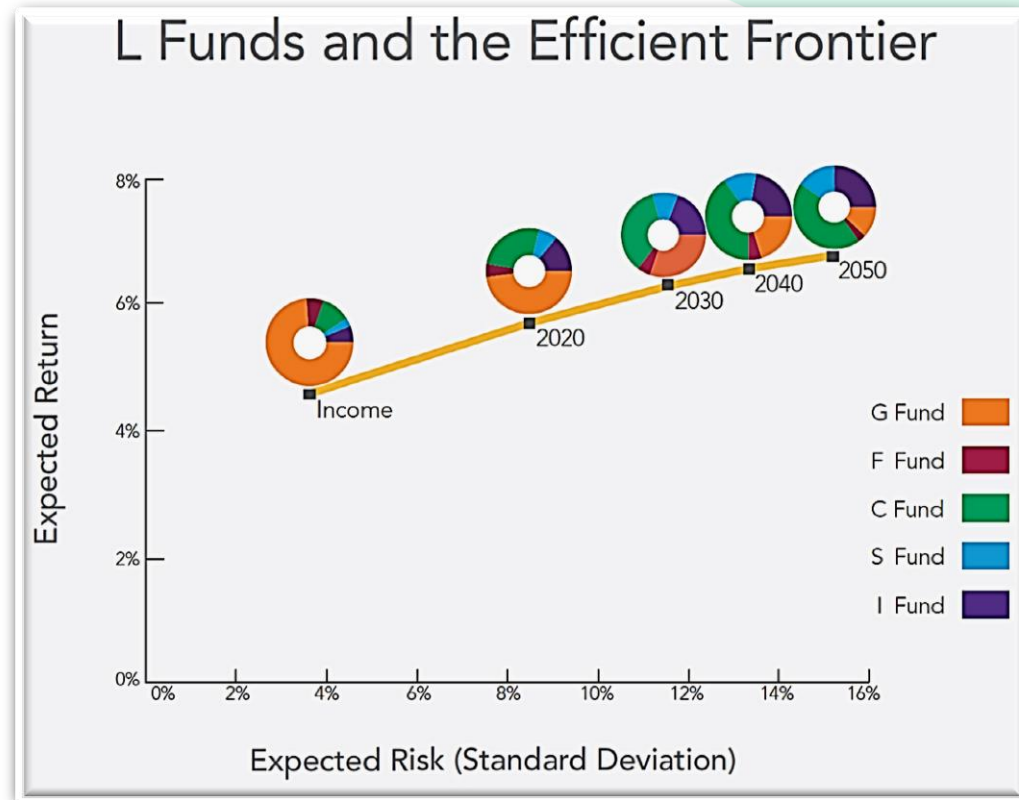
# Performance of the TSP's Benchmark Indices

Dec 1987- Dec 2016



# The Lifecycle Funds and the “Efficient Frontier”

- ✓ Rebalanced to their target allocations each business day
- ✓ Adjusted quarterly to more conservative investments as the fund time horizon shortens
- ✓ Objective is to provide the highest expected rate of return for the amount of risk expected



Find more detailed information in “Booklet: TSP Fund Information Sheets on [tsp.gov](https://www.tsp.gov)

# How do your returns compare?

Find your annual returns on your annual statements (all years) or on your fourth quarter statements (2012 to present)

Year	You?	L Income	L 2020	L 2030	L 2040	L 2050	G Fund	F Fund	C Fund	S Fund	I Fund
2006		7.59%	13.72%	15.00%	16.53%		4.93%	4.40%	15.79%	15.30%	26.32%
2007		5.56%	6.87%	7.14%	7.36%		4.87%	7.09%	5.54%	5.49%	11.43%
2008		-5.09%	-22.77%	-27.50%	-31.53%		3.75%	5.45%	-36.99%	-38.32%	-42.43%
2009		8.57%	19.14%	22.48%	25.19%		2.97%	5.99%	26.68%	34.85%	30.04%
2010		5.74%	10.59%	12.48%	13.89%		2.81%	6.71%	15.06%	29.60%	7.94%
2011		2.23%	0.41%	-0.31%	-0.96%		2.45%	7.89%	2.11%	-3.38%	-11.81%
2012		4.77%	10.42%	12.61%	14.27%	15.85%	1.47%	4.29%	16.07%	18.57%	18.62%
2013		6.97%	16.03%	20.16%	23.23%	26.20%	1.89%	-1.68%	32.45%	38.35%	22.13%
2014		3.77%	5.06%	5.74%	6.22%	6.37%	2.31%	6.73%	13.78%	7.80%	-5.27%
2015		1.85%	1.35%	1.04%	0.73%	0.45%	2.04%	0.91%	1.46%	-2.92%	-0.51%
2016		3.58%	5.47%	7.07%	7.90%	8.65%	1.82%	2.91%	12.01%	16.35%	2.10%
Average		4.14%	6.03%	6.90%	7.53%	11.50%	2.85%	4.61%	9.45%	11.06%	5.32%



See: [tsp.gov](https://tsp.gov) → Investment Funds → Fund Performance → Summary of Returns

# Change Your Investment Mix

## Contribution Allocation

- Tells the TSP how participant wants new money going into their account to be invested among the TSP investment fund options
- Includes employee contributions, agency contributions, TSP loan payments, and any transferred or rollover funds

## Interfund Transfer

- Redistributes fund balances among existing TSP investment fund options
- Does not affect the investment of future deposits into their TSP account

**May be done via TSP ThriftLine or TSP.gov**

**Generally effective as of close of business each day (based on 12 noon ET cutoff)**

**Participant will receive confirmation via website, email or mail**



# Interfund Transfer (IFT) Limit

For each calendar month, the *first two* interfund transfers redistribute money among any or all of the TSP funds.

For the remainder of the month, IFTs can only move money into the G Fund.

## Example:

<b>G</b>	<b>20%</b>
<b>F</b>	
<b>C</b>	
<b>S</b>	
<b>I</b>	
<b>L</b>	<b>80%</b>

<b>G</b>	<b>100%</b>
<b>F</b>	
<b>C</b>	
<b>S</b>	
<b>I</b>	
<b>L</b>	


<b>G</b>	<b>10%</b>
<b>F</b>	
<b>C</b>	<b>40%</b>
<b>S</b>	<b>35%</b>
<b>I</b>	<b>15%</b>
<b>L</b>	

<b>G</b>	<b>60%</b>
<b>F</b>	
<b>C</b>	<b>20%</b>
<b>S</b>	<b>5%</b>
<b>I</b>	<b>15%</b>
<b>L</b>	

<b>G</b>	<b>100%</b>
<b>F</b>	
<b>C</b>	
<b>S</b>	
<b>I</b>	
<b>L</b>	

# Quarterly Statement

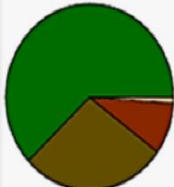
Participant  
Address

**Thrift Savings Plan**

Here's how the value of your TSP account has changed.

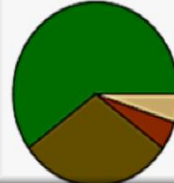
Value on October 1, 2013	\$77,376.86
Contributions and Additions	\$878.08
Withdrawals and Deductions	— \$14,000.00
Investment Gain (or Loss)	\$1,318.74
Value on December 31, 2013	\$65,371.68
Your vested account balance is	\$65,371.68

**Your account balance distribution**



L 2050	0%	G Fund	62%
L 2040	0%	F Fund	0%
L 2030	0%	C Fund	28%
L 2020	0%	S Fund	9%
L Income	0%	I Fund	1%

**Your investment allocation for future contributions**



L 2050	0%	G Fund	60%
L 2040	0%	F Fund	0%
L 2030	0%	C Fund	30%
L 2020	0%	S Fund	5%
L Income	0%	I Fund	5%

**Your Quarterly Statement**  
for the period  
10/01/2013 – 12/31/2013

**Account Number:**  
[REDACTED]

Date of Birth: [REDACTED]  
Retirement Coverage: FERS  
Employment Status: Active  
Service Required for Vesting: 3 years  
from [REDACTED]

**A Message for You**

Great news! Now you can easily access your TSP account through your Android, iPhone, or similar smartphone by visiting the TSP's website (tsp.gov). You do not need to download an app to use this great feature. Just go to My Account from your smartphone and you will be directed to a mobile version, where you can view your account balance, transaction history, and perform contribution allocations and interfund transfers. Want to visit the non-mobile site? Just select the "Full Site" button on the top right of the screen.

**Your Personal Rate of Return**

Last 12 Months  
**10.26%**

**Questions? [tsp.gov](http://tsp.gov)**  
ThriftLine: 1-TSP-YOU-FIRST  
1-877-968-3778  
Outside U.S. and Canada: 404-233-4400  
TDD: 1-TSP-THRIFT5  
1-877-847-4385  
[YouTube.com/TSP4gov](http://YouTube.com/TSP4gov)

To correct personal or contribution information, contact your agency.

Participant  
Information

Your  
Investment  
Return



# Quarterly Statement - Page Two

## YOUR QUARTERLY ACCOUNT SUMMARY

TSP FUNDS	Beginning Balance	Contributions and Additions	Withdrawals and Deductions	Interfund Transfers	Gain or Loss This Quarter	Ending Balance	Beginning Shares		Ending Shares	
							Price	Number	Price	Number
Individual Funds										
G Fund	\$48,554.54	\$405.64	– \$8,665.38	\$0.00	\$91.14	\$40,385.94	\$14.2073	3,417.5775	\$14.2356	2,836.9681
C Fund	21,230.80	202.85	– 3,932.24	0.00	1,006.17	18,507.58	21.6001	982.9029	22.6602	816.7443
S Fund	6,637.01	33.79	– 1,224.29	0.00	197.68	5,644.19	31.0038	214.0709	31.8829	177.0288
I Fund	954.51	33.80	– 178.09	0.00	23.75	833.97	24.1817	39.4724	24.7306	33.7220
Total	\$77,376.86	\$676.08	– \$14,000.00	\$0.00	\$1,318.74	\$65,371.68				

## YOUR QUARTERLY LOAN SUMMARY

Loan ID	Principal as of 10/01/2013	Amount of New Loan	TOTAL Principal Repaid	Principal as of 12/31/2013	TOTAL Interest Paid	Last Loan Payment
1009001G	\$0.00	\$14,000.00	\$173.95	\$13,826.05	\$3.41	10/25/2013

## YOUR TRANSACTION DETAIL BY SOURCE

Payroll Office	Posting Date	Transaction Type	Employee Traditional	Employee Roth	Agency Automatic (1%)	Matching	Total
		Beginning Balance	\$38,451.69	\$0.00	\$8,135.29	\$30,789.88	\$77,376.86
97380100	10/10/2013	Contribution	124.68	0.00	24.94	99.74	249.36
	10/21/2013	Loan Disbursement	– 14,000.00	0.00	0.00	0.00	– 14,000.00
97380100	10/24/2013	Contribution	124.68	0.00	24.94	99.74	249.36
FRB	10/25/2013	Loan Repayment	177.36	0.00	0.00	0.00	177.36
		Gain or Loss This Quarter	638.35	0.00	142.15	538.24	1,318.74
		Ending Balance	\$25,516.76	\$0.00	\$8,327.32	\$31,527.60	\$65,371.68



# Loans and In-Service Withdrawals

Accessing your TSP money while still employed





# TSP Loans

- Can only borrow from your own contributions and earnings
- Loan repayment is through payroll deductions
  - Includes an interest charge equal to the G fund rate when the loan was processed and is fixed for life of loan
- A \$50 loan fee is deducted from loan proceeds for loan administrative costs
- May make additional payments directly
- Two types of TSP Loans:
  - General Purpose loan - repayment up to five years
  - Residential loan - repayment up to 15 years
    - Only for purchase or construction of a primary residence



# Other Loan Rules

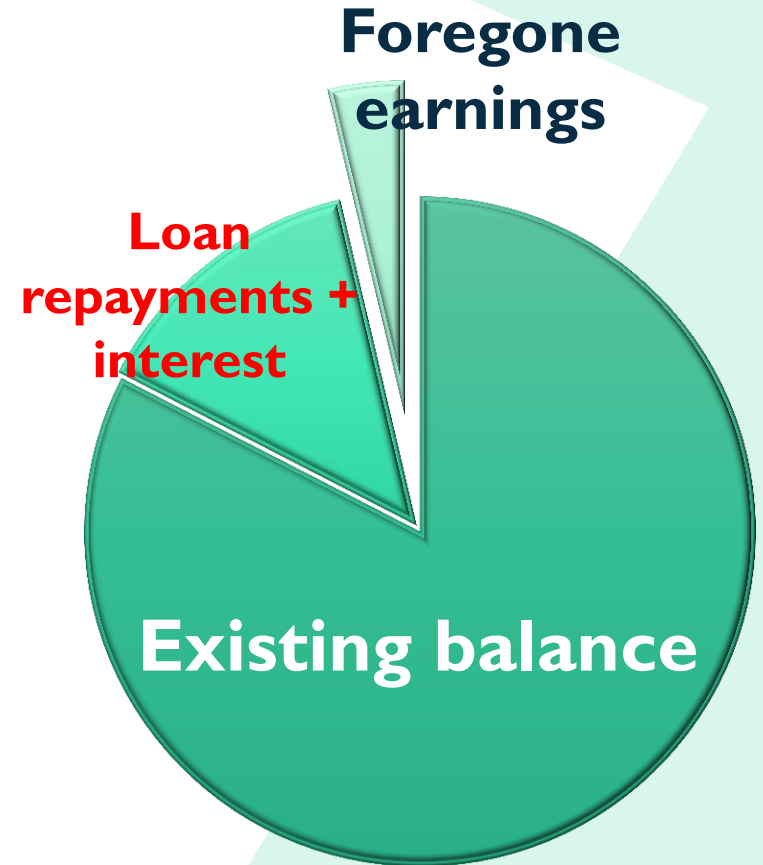
- May have two loans outstanding at same time if one is a residential loan and one is a general purpose loan\*
- A valid or pending court order will prevent a loan disbursement
- There is a 60 day waiting period between the payoff of a loan before another like loan may be granted
- Loans are subject to spouses' rights
- When you leave Federal service with an outstanding loan balance, you will not be able to make a withdrawal from your TSP account until your loan is closed by either payment in full or the loan is treated as a taxable distribution



\*Per TSP account (if applicable)

# Indirect Loan Costs

- When you take a TSP loan, you sacrifice the earnings that might have accrued on the borrowed money, had it remained in your TSP account
- Although you pay the loan amount back with interest, the amount of interest paid may be less than what you might have earned if the money had remained in your TSP account



For more information on TSP Loans, see [tsp.gov/planparticipation](https://tsp.gov/planparticipation) or the TSP booklet, “Loans”

# Financial Hardship Withdrawals

The amount you withdraw from your account for a financial hardship must be limited to your financial need

To be eligible, your financial need must result from at least one of the following four conditions:

- Minimum withdrawal \$1,000
- May only withdraw your own contributions and earnings

**Recurring negative monthly cash flow**

**Medical expenses that you have not yet paid and that are not covered by insurance**

**Personal casualty loss(es) that you have not yet paid and that are not covered by insurance**

**Legal expenses (such as attorneys' fees and court costs) that you have not yet paid for separation or divorce from your spouse**

# Financial Hardship Withdrawals



Will permanently reduce your retirement savings



Are subject to income taxes



May be subject to the IRS 10% early withdrawal penalty tax



Will cause a suspension to your TSP contributions for 6 months (no contributions = no matching for FERS)



Are subject to spouse's rights



For more information on TSP Loans, see [tsp.gov/planparticipation](https://tsp.gov/planparticipation) or the TSP booklet, "In-Service Withdrawals"

# Age-Based In-Service Withdrawals

**59½**

Must be age 59½ or older

**\$1000+**

Minimum withdrawal is \$1,000; maximum is entire vested account balance

**Employed**

May only take one age-based withdrawal during active Federal service or as a member of the uniformed services

**Taxes**

Considered an eligible rollover distribution and subject to mandatory 20% Federal income tax withholding

**Transfers**

All or any portion may be transferred to an IRA or another eligible employer plan

**1 Time**

Taking an age-based withdrawal renders you ineligible to receive a post-service partial withdrawal



For more information on TSP Loans, see [tsp.gov/planparticipation](https://tsp.gov/planparticipation) or the TSP booklet, "In-Service Withdrawals"



# THRIFT SAVINGS PLAN A TO Z PART II

STEWART KAPLAN, AFC®, RFC, RPA

**FEDERAL RETIREMENT THRIFT  
INVESTMENT BOARD**  
77 K Street, NE Washington, DC 20002  
1-877-968-3778 · TSP.GOV

# Agenda

- First Steps: Preparing for Separation
- Turning Savings to Income: The TSP Retirement Income Options
- Withdrawal Rules: Other Considerations
- Planning Your Legacy: TSP Death Benefits
- TSP Resources





# Preparing for Separation

First Steps

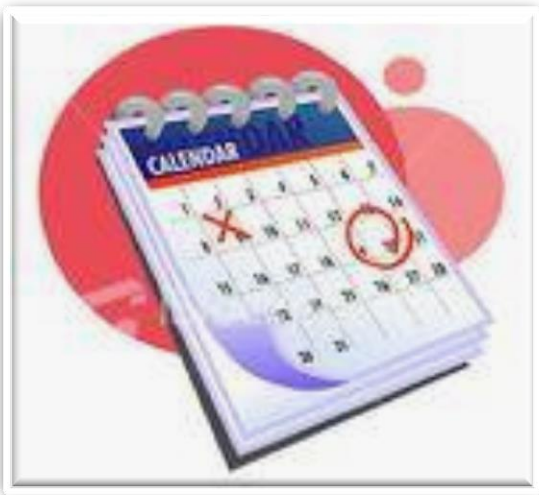


# Your TSP Savings Goal

$$\begin{array}{r} \textit{Expected need} \\ - \textit{Expected fixed income} \\ \hline \textit{TSP Savings Goal} \end{array}$$

# Contribution Considerations

**There is an \$18,000 annual limit on your regular TSP contributions and a \$6,000 annual limit on “Catch-up” contributions**



**All contributions you make to employer plans\* (including the TSP) during the same calendar year count toward the IRS elective deferral limit**

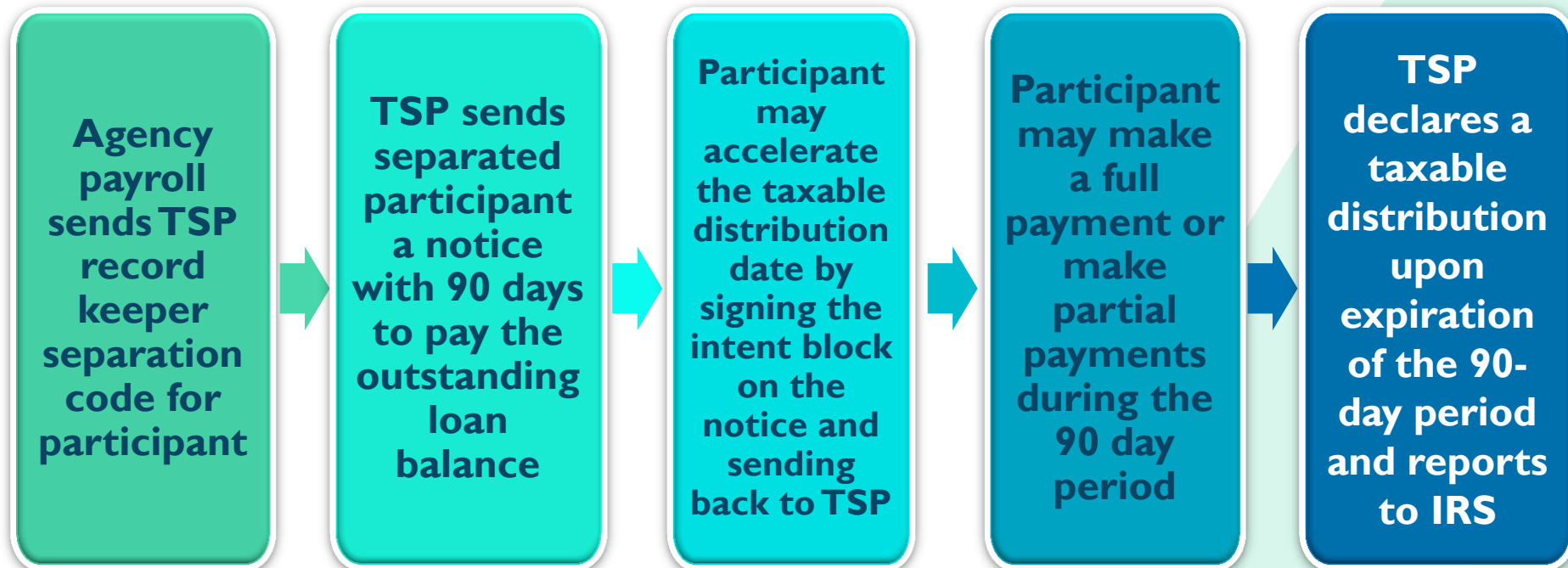
**You CAN contribute the maximum amount over LESS than the full tax year**



**\*Governmental 457(b) plans have separate limit**

# Loans and Separation from Federal Service

- TSP loans must be settled within 90 days of separation to avoid a taxable distribution
- Participant may reamortize or make additional payments prior to separation
- No post-service withdrawals will be processed until loan has either been paid in full or a taxable distribution of remaining balance has been declared




See [tsp.gov/planparticipation](https://tsp.gov/planparticipation) or the TSP booklet, *Loans* (pages 10-12), for more information

# Make sure your personal data is correct

## Participant Address

Before separating, ensure that all personal data on file with the TSP is correct

**Thrift Savings Plan**

Here's how the value of your TSP account has changed.

Value on October 1, 2013	\$77,376.86
Contributions and Additions	\$878.08
Withdrawals and Deductions	– \$14,000.00
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**Your account balance distribution**

	<div><div>L 2050 0%</div><div>L 2040 0%</div><div>L 2030 0%</div><div>L 2020 0%</div><div>L Income 0%</div><div>G Fund 62%</div><div>F Fund 0%</div><div>C Fund 28%</div><div>S Fund 9%</div><div>I Fund 1%</div></div>
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**Your investment allocation for future contributions**

	<div><div>L 2050 0%</div><div>L 2040 0%</div><div>L 2030 0%</div><div>L 2020 0%</div><div>L Income 0%</div><div>G Fund 60%</div><div>F Fund 0%</div><div>C Fund 30%</div><div>S Fund 5%</div><div>I Fund 5%</div></div>
--	---

**Your Quarterly Statement**  
for the period  
10/01/2013 – 12/31/2013

**Account Number:**

Date of Birth:   
Retirement Coverage: FERS  
Employment Status: Active  
Service Required for Vesting: 3 years from

**A Message for You**  
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**Your Personal Rate of Return**  
  
Last 12 Months  
  
10.26%

**Questions? [tsp.gov](http://tsp.gov)**  
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1-877-968-3778  
Outside U.S. and Canada: 404-233-4400  
TDD: 1-TSP-THRIFT5  
1-877-847-4385  
[YouTube.com/TSP4gov](http://YouTube.com/TSP4gov)  
  
To correct personal or contribution information, contact your agency.

## Participant Information

Report errors to your agency for correction



# The TSP Retirement Income Options

Turning Savings to Income



# Consider Your Options

- If you don't need income from your account immediately and your balance is at least \$200, you can leave your savings in the TSP until you're ready
- According to IRS rules, you must begin to take "Required Minimum Distributions" by April 1st of the year following the year you become 70½ AND are separated from service, but there's no requirement to take all of your money out after you separate
- Once you separate, if you still have a balance in your account, you can transfer or roll over balances from traditional IRAs or eligible employer retirement plans into the TSP
- All of this means, you can continue to:
  - Make changes to your investment mix by making interfund transfers
  - Take advantage of the TSP's ultra low costs and the well designed investment fund options
  - Defer income taxes on your TSP balance until you're ready to begin receiving distributions



See: [tsp.gov](https://tsp.gov) → Life Events → Career → Separating From Government Service

# Post-Service Withdrawals

## Partial Withdrawal

- Lump sum

## Full Withdrawal Options

- Monthly Payments
- Life Annuity
- Lump sum
- Combination of any of the above



See [tsp.gov/plan](https://tsp.gov/plan) participation or the TSP booklet, *Withdrawing Your TSP Account*, for more information



# Partial Withdrawal

- A partial withdrawal is a lump sum withdrawal of \$1,000 or more
- You may take a partial withdrawal if you:
  - Have not previously requested a partial or full withdrawal
  - Have not taken an age-based in-service withdrawal

**THRIFT SAVINGS PLAN**  
REQUEST FOR PARTIAL WITHDRAWAL WHEN SEPARATED

**TSP-77**

**I. INFORMATION ABOUT YOU**

1. This request applies to my: ☐ Civilian Account OR ☐ Uniformed Services Account

2. Last Name First Name Middle Name

3. TSP Account Number 4. Date of Birth (mm/dd/yyyy) 5. Daytime Phone (Area Code and Number)

6. ☐ Foreign address? Check here. 7. Street Address or Box Number (For a foreign address, see instructions on back.)

8. City 9. State 10. Zip Code

**II. PARTIAL WITHDRAWAL REQUEST**

11. Amount you want to withdraw: \$ . . .00 (amount must be \$1,000 or more)

**III. TRANSFER ELECTION**

12. ☐ I would like to transfer all or a portion of my withdrawal request to an IRA or eligible employer plan. (Note: You must include the completed applicable transfer page(s) from this form with your withdrawal request package.)

**IV. DIRECT DEPOSIT INFORMATION — This section is optional.** Complete this section if you want the portion of your withdrawal that is not being transferred (Sections IX–XII) directly deposited into your checking or savings account.

13. Type of Account: ☐ Checking ☐ Savings

14. Name of Financial Institution

15. ACH Routing Number (Must be 9 digits) 16. Checking or Savings Account Number

**V. ADDITIONAL TAX WITHHOLDING — This section is optional.** If you would like more than the mandatory 20% Federal tax withholding, complete this section. If a portion of your withdrawal is a Required Minimum Distribution, the TSP must withhold 10% of that portion. Withholding does not apply to amounts transferred to IRAs or eligible employer plans or which are otherwise nontaxable (see instructions).

17. In addition to the mandatory 20%, withhold this amount for Federal income tax: \$ . . .00

**VI. CERTIFICATION AND NOTARIZATION —** I certify that the information I have provided on all pages of this withdrawal request is true and complete to the best of my knowledge. If I did not complete Section VII or VIII on Page 2, I further certify that I am an unmarried TSP participant. Warning: Any intentional false statement in this application or willful misrepresentation concerning this request is a violation of law that is punishable by a fine or imprisonment for as long as 5 years, or both (18 U.S.C. 1001).

18. Participant's Signature 19. Date Signed (mm/dd/yyyy)

20. Notary: Please complete the following. No other acknowledgement is acceptable (see instructions). The person who signed Item 18 is known to or was identified by me and, before me, signed or acknowledged to have signed this form. In witness thereof, I have signed below on this \_\_\_\_\_ day of \_\_\_\_\_ Month \_\_\_\_\_ Year \_\_\_\_\_

My commission expires: \_\_\_\_\_ Date (mm/dd/yyyy)

Notary's Signature \_\_\_\_\_  
Notary's Printed Name \_\_\_\_\_ Notary's Phone Number \_\_\_\_\_  
Jurisdiction \_\_\_\_\_

**Do Not Write Below This Line**

**FORM TSP-77, Page 1 (2/2015)**  
PREVIOUS EDITIONS OBSOLETE

## III. TRANSFER ELECTION

12. ☐ I would like to transfer all or a portion of my withdrawal request to an IRA or eligible employer plan. (Note: You must include the completed applicable transfer page(s) from this form with your withdrawal request package.)

# Full Withdrawal

## a. Single Payment

May transfer entire amount of withdrawal (or a portion thereof) to an IRA or another employer plan

Name:

(Last, First, Middle)

TSP Account Number:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**IV. WITHDRAWAL ELECTION — This section is required.** Choose one or more methods. Indicate percentages in whole numbers. If choosing monthly payments, include the dollar amount of each payment **or** choose to have the TSP compute your payments based on your life expectancy.

23. I would like to withdraw my entire account balance as follows:

a. 

--	--	--

 .0% Single Payment

b. 

--	--	--

 .0% Life Annuity (Must equal \$3,500 or more. Also complete Page 6.)

c. 

--	--	--

 .0% TSP Monthly Payments → Tell us how to pay your monthly payments:

**100** % (Total a, b, and c)

\$ 

--	--

 , 

--	--	--	--

 .00 per month (\$25.00 or more)

OR

☐ Compute my payments based on my life expectancy.

## V. TRANSFER ELECTION

24. ☐ I would like to **transfer** all or a portion of my single payment and/or eligible monthly payments (indicated in Section IV) to an IRA or eligible employer plan. (See instructions for an explanation of eligible monthly payments. **Note:** You must include the completed applicable transfer page(s) from this form with your withdrawal request package.)

expectancy tables

- Amount automatically adjusts annually



# Full Withdrawal

(non-animated version of previous slide)

## a. Single Payment

May transfer entire amount of withdrawal (or a portion thereof) to an IRA or another employer plan

Minimum = 1% of account balance

## b. Life Annuity

- Assures income for life
- Single, Joint with Spouse or Joint with Other Survivor
- Each has various features
- Minimum = \$3,500

## c. TSP Monthly Payments

- Fixed dollar amount
  - Specified by participant
  - Amount may be changed annually
  - Minimum payment = \$25
- Based on life expectancy
  - Payments computed IRS life expectancy tables
  - Amount automatically adjusts annually



Name:

(Last, First, Middle)

### IV. WITHDRAWAL ELECTION — This section is required. Choose one.

If choosing monthly payments, include the dollar amount of each payment on your life expectancy.

23. I would like to withdraw my entire account balance as follows:

a.	<input type="text"/>	<input type="text"/>	<input type="text"/>	.0%	Single Payment
b.	<input type="text"/>	<input type="text"/>	<input type="text"/>	.0%	Life Annuity (Must equal \$3,500 or more)
c.	<input type="text"/>	<input type="text"/>	<input type="text"/>	.0%	TSP Monthly Payments → Total \$
				100%	(Total a, b, and c)

### V. TRANSFER ELECTION

24. ☐ I would like to transfer all or a portion of my single payment (or annuity) to an IRA or eligible employer plan. (See instructions for details. Your transfer request must include the completed applicable transfer page.)

## a. Single Payment

- Also referred to as a **Lump Sum** payment
  - You can withdraw your entire TSP account balance in a single payment
  - You can transfer or roll over all or part of your TSP account to an IRA or another eligible retirement account
  - Any taxable amount withdrawn but not transferred or rolled over will be subject to ordinary income tax for the year of withdrawal



## b. Life Annuity

- TSP life annuity
  - Income is assured for the life of the annuitant(s)
  - Funds are transferred from TSP to the annuity provider, and benefits are “locked in” when the request is processed

	Single Life	Joint Life with Spouse	Joint Life with Other Survivor
Survivor benefit (50% or 100%)		✓	✓
Level payments	✓	✓	✓
Increasing payments	✓	✓	
Cash refund	✓	✓	✓
10-year certain	✓		

## c. TSP Monthly Payments

### Fixed Dollar Amount

- Amount specified by participant
- Minimum payment \$25
- May change dollar amount annually
- Transfer payments to an IRA or another eligible plan\* (if payments expected to last < 10yrs)
- Adjust amount of tax withholding\* (if payments expected to last > 10yrs or more)
- May change direct deposit information
- May request a final single payment anytime

### Based on Life Expectancy

- Payments are computed by TSP
- Amount automatically adjusts annually
- May adjust amount of tax withholding
- May make a one-time change to fixed dollar amount
- May request a final single payment anytime

Example: Account balance = \$100,000 and request \$1,000/month, therefore:  $\$100,000 / \$1,000 = 100$  months and  $100 < 120$ , so may transfer

\* Ability to transfer or adjust withholding depend upon type of payment per IRS rules (will be discussed later)



## d. Custom: Mixed Withdrawal

**IV. WITHDRAWAL ELECTION** — This section is required. Choose one or more methods. Indicate percentages in whole numbers. If choosing monthly payments, include the dollar amount of each payment **or** choose to have the TSP compute your payments based on your life expectancy.

23. I would like to withdraw my entire account balance as follows:

a. 

	1	0
--	---	---

 .0% Single Payment

b. 

	2	0
--	---	---

 .0% Life Annuity (Must equal \$3,500 or more. Also complete Page 6.)

c. 

	7	0
--	---	---

 .0% TSP Monthly Payments → Tell us how to pay your monthly payments:

100 % (Total a, b, and c)

\$ 

--	--

 , 

--	--	--

 .00 per month (\$25.00 or more)

OR

☒ Compute my payments based on my life expectancy.

# Required Minimum Distributions

**70.5**

**Separated**

**April 1st**

**RMD**

**Each  
Year**

**IRS  
Table**

After you have separated from Federal service or the uniformed services, you are required to make a withdrawal choice by April 1 of the year following the year you turn age 70½

You must receive your “Required Minimum Distribution” (RMD) for the calendar year in which you turn 70½, but you have until April 1 of the following year to make the withdrawal

RMDs are determined using the IRS Uniform Lifetime Table

You must continue to receive RMDs from your TSP account each year thereafter so long as you have a remaining balance

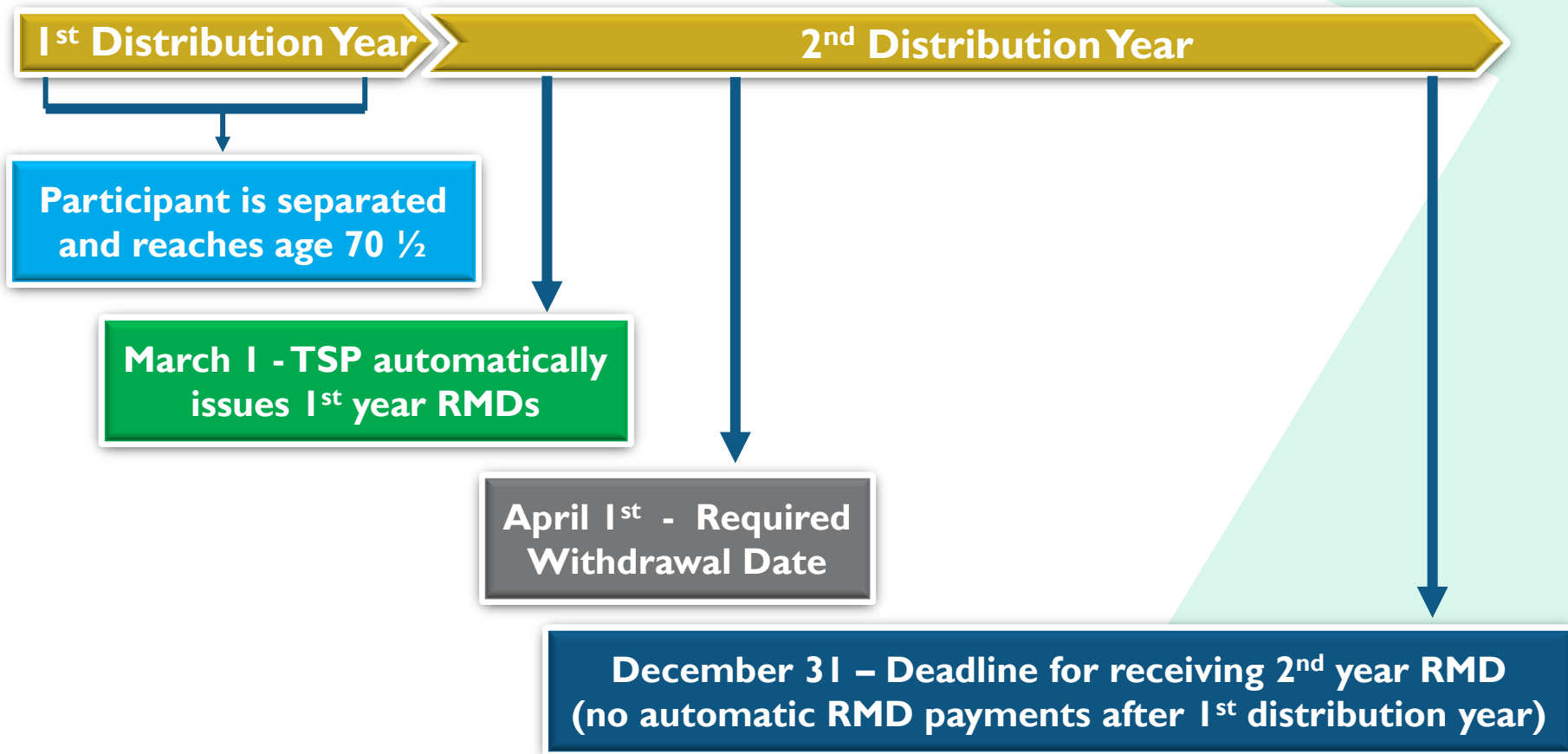
If you are still a Federal employee employed at age 70½, your required withdrawal must begin by April 1 of the year following the year you separate



See TSP tax notice: Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions, for more information



# Required Minimum Distributions



# Uniform Lifetime Table

**RMD = Account Balance ÷ Distribution Period = % of account balance**

**Uniform Lifetime Table for Calculating Minimum Distributions\***

Age	Distribution Period	Age	Distribution Period	Age	Distribution Period
70	27.4 - <b>3.65%</b>	90	11.4	110	3.1
71	26.5 - <b>3.77%</b>	91	10.8	111	2.9
72	25.6 - <b>3.91%</b>	92	10.2	112	2.6
73	24.7 - <b>4.05%</b>	93	9.6	113	2.4
74	23.8 - <b>4.20%</b>	94	9.1	114	2.1
75	22.9 - <b>4.37%</b>	95	8.6	115+	1.9
76	22.0 - <b>4.55%</b>	96	8.1		
77	21.2 - <b>4.72%</b>	97	7.6		
78	20.3 - <b>4.93%</b>	98	7.1		
79	19.5 - <b>5.13%</b>	99	6.7		
80	18.7 - <b>5.35%</b>	100	6.3		
81	17.9	101	5.9		
82	17.1	102	5.5		
83	16.3	103	5.2		
84	15.5	104	4.9		
85	14.8	105	4.5		
86	14.1	106	4.2		
87	13.4	107	3.9		
88	12.7	108	3.7		
89	12.0	109	3.4		

Source: TSP-775, Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions

# Planning & Tools

Learn more about designing your investment plan

Get the most out of your retirement savings by carefully developing a plan for your TSP account.

## Investment Strategy

Review a list of questions you should ask yourself before you invest, and find out how to maximize your retirement savings using the benefits of compounding, tax deferral, and account consolidation.

[Learn more](#)

## Calculators

Use these calculators to help you plan for a comfortable retirement:

 [How Much Should I Save?  
\(Ballpark Estimate\)](#)

 [How Much Will My Savings  
Grow?](#)

 [How Much Can I Contribute?](#)

 [Paycheck Estimator](#)

 [Contribution Comparison  
Calculator](#)

 [Retirement Income Calculator](#)

 [TSP Monthly Payment  
Calculator](#)

 [Estimate Loan Payments](#)

## Retirement Planning Phases

It is never too early or too late to take advantage of what the TSP has to offer. Consider how to make your TSP savings work for you through contribution elections, catch-up contributions, and asset allocations throughout your career and as you near retirement.

[Learn more](#)

## Living in Retirement

Consider how to adjust your asset allocation and determine an effective withdrawal strategy to meet your unique needs during retirement.

[Learn more](#)



# TSP Modernization Act of 2017

- Senators Rob Portman and Tom Carper introduced **S. 873**, on April 6, 2017
- Congressmen Mark Meadows (R-NC) and Elijah Cummings (D-MD) introduced H.R. 3031 on June 23, 2017
- The committees assigned to this bill sent it to the House for consideration on July 19, 2017 and to the Senate on July 26, 2017.

# TSP Modernization Act of 2017

- The TSP Modernization Act of 2017 would:
  - Allow multiple age-based withdrawals
  - Allow multiple partial withdrawals
  - Allow periodic payments to be scheduled either monthly or quarterly
  - Allow periodic payment amounts to be changed anytime
  - Allow those taking periodic payments to stop payments and leave the remaining balance in the TSP
  - Allow the election of a partial withdrawal or the purchase of a TSP annuity while still receiving periodic payments.
  - Eliminate the requirement that participants make a post-separation withdrawal election by April 1 of the year following the year in which they turn 70½ or separate from the service, whichever is later\*



\*Participants would still be subject to IRS RMD rules, but they could satisfy the RMDs without making a post-separation withdrawal election 71

**For more information including full text of the bills, see:**

**Senate Bill:**

**S. 873:TSP Modernization Act of 2017**

**<https://www.govtrack.us/congress/bills/115/s873>**

**House Bill:**

**H.R. 3031:TSP Modernization Act of 2017**

**<https://www.govtrack.us/congress/bills/115/hr3031>**



# Other Considerations

Withdrawal Rules



# Spouses' Rights

Retirement Plan	Requirement*	Exceptions†
<b>FERS or Uniformed Services</b>	Notarized spouse signature required**	Whereabouts unknown or exceptional circumstances  - TSP-I6 or TSP-U-I6 required
<b>CSRS</b>	Spouse is entitled to notification of the participant's withdrawal election	Whereabouts unknown  - TSP-I6 required

\*If account balance is less than \$3,500, spouse's signature/notice is not required

\*\*If married but no spouse signature: Spouse is entitled to a Joint Life Annuity with 50% Survivor Benefits, Level Payments, and no cash refund feature

†Waiver of spouse's signature/notification valid for 90 days from approval





# Tax Withholdings & Portability

Type of Payment	Eligible for transfer or rollover?	Federal income tax withholding rate
<b>Lump sum distributions:</b> Single payments, age-based and partial withdrawals, final withdrawal following a series of monthly payments	Yes	20% (mandatory) unless transferred
<b>Monthly payments for less than 10 years</b>	Yes	20% (mandatory) unless transferred
<b>Monthly payments for 10 years or more</b>	No	As if Married w/3 (may be changed or waived)
<b>Monthly Payments based on life expectancy</b>	No	As if Married w/3 (may be changed or waived)

See TSP-536, *Important Tax Information About Payments From Your TSP Account*

# Changing Payment Scenario

	Before (2016)	After (2016)
<b>Opening Balance</b>	\$105,000	\$100,000
<b>Monthly Payment</b>	\$800	\$850
<b>Estimated # of Payments</b>	132	117.6
<b>Payment type</b>	<b>Periodic Payments</b>	<b>Eligible Rollover Distribution</b>
<b>Withholding</b>	As if married with 3 dependents (\$0)	\$170
<b>Net Payment</b>	\$800	\$680

# Eligible Rollover Distributions

TSP Account

**Traditional  
Balance**

**Roth  
Balance**

**Transfer**

(any whole %  
from 0-100%)

**Traditional**

**Traditional IRA,  
eligible employer plan,  
or Roth IRA**

**Eligible Rollover  
Distribution**

**Roth**

**Transfer**

(any whole %  
from 0-100%)

**Roth IRA or  
eligible Roth  
employer plan**

**Traditional**

(any whole %  
from 0-100%)

**Roth**

(any whole %  
from 0-100%)

**Distribution to Participant**

**Whatever isn't transferred will be distributed**

Tax-deferred distributions are eligible to be rolled  
over to another qualified plan within 60 days

# Exceptions to the IRS Early Withdrawal Penalty

**The 10% IRS Early Withdrawal Penalty  
does not apply to payments that are:**

- Received at age 59½ or later
- Received after you separate/retire during or after the year you reach age 55 (or the year you reach age 50 if you are a public safety employee as defined in section 72(t)(10)(B)(ii) of the IRC)
- TSP monthly payments based on life expectancy
- Lifetime annuity payments
- Ordered by a domestic relations order
- Made because of death
- Made from a beneficiary participant account
- Received in a year you have deductible medical expenses that exceed 10% of your adjusted gross income (7.5% if you or your spouse is 65 or over)
- Received as a result of total and permanent disability
- Received by military reservists called to active duty for at least 180 days



# TSP Death Benefits

Planning Your Legacy



# TSP Death Benefits

- To Whom?
  - Based on Form TSP-3, Designation of Beneficiary
    - Participant is responsible for mailing or faxing form directly to TSP
    - Do not submit forms to agency/service!
  - If no TSP-3 on file at TSP, payment is by statutory order of precedence:
    - 1) Spouse, 2) natural and adopted children,
    - 3) parents, 4) estate, 5) next of kin
- How paid?
  - Death reported on Form TSP-17, Information Relating to Deceased Participant
  - The beneficiary will receive IRS Form 1099-R reporting the distribution



**THRIFT SAVINGS PLAN**  
**DESIGNATION OF BENEFICIARY** **TSP-3**

**I. PARTICIPANT INFORMATION**—This applies to my: ☐ Civilian ☐ Uniformed Services ☐ Beneficiary Participant Account

Last Name: \_\_\_\_\_ First Name: \_\_\_\_\_ Middle Name: \_\_\_\_\_  
 TSP Account Number: \_\_\_\_\_ Date of Birth (mm/dd/yyyy): \_\_\_\_\_ Daytime Phone (Area Code and Number): \_\_\_\_\_  
 Street Address or Box Number: \_\_\_\_\_ Foreign address? ☐ Check here.  
 Street Address Line 2: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

**II. CANCELLATION**—To cancel all previous designations without designating new beneficiaries, check the box below. In the event of your death, payment from the TSP will be made according to the statutory order of precedence set by the United States Code (5 U.S.C. § 8424(d)).  
☐ Check here only to cancel all prior beneficiary designations without naming new beneficiaries. (Also complete Section IV.)

**III. PRIMARY BENEFICIARY DESIGNATIONS**

**Relationship to you:** ☐ Spouse ☐ Other Individual ☐ Trust ☐ Estate ☐ Legal Entity/Corporation **Share:** \_\_\_\_\_ %

Name of Individual (Last, First, Middle) (Trust/Estate/Legal Entity or Corporation): \_\_\_\_\_ SSN (or EIN) (or ID): \_\_\_\_\_  
 Name of Trustee/Executor (if applicable): \_\_\_\_\_ Date of Birth (mm/dd/yyyy): \_\_\_\_\_  
 Address: \_\_\_\_\_ Foreign address? ☐ Check here.

**Relationship to you:** ☐ Spouse ☐ Other Individual ☐ Trust ☐ Estate ☐ Legal Entity/Corporation **Share:** \_\_\_\_\_ %

Name of Individual (Last, First, Middle) (Trust/Estate/Legal Entity or Corporation): \_\_\_\_\_ SSN (or EIN) (or ID): \_\_\_\_\_  
 Name of Trustee/Executor (if applicable): \_\_\_\_\_ Date of Birth (mm/dd/yyyy): \_\_\_\_\_  
 Address: \_\_\_\_\_ Foreign address? ☐ Check here.

**Relationship to you:** ☐ Spouse ☐ Other Individual ☐ Trust ☐ Estate ☐ Legal Entity/Corporation **Share:** \_\_\_\_\_ %

Name of Individual (Last, First, Middle) (Trust/Estate/Legal Entity or Corporation): \_\_\_\_\_ SSN (or EIN) (or ID): \_\_\_\_\_  
 Name of Trustee/Executor (if applicable): \_\_\_\_\_ Date of Birth (mm/dd/yyyy): \_\_\_\_\_  
 Address: \_\_\_\_\_ Foreign address? ☐ Check here.

**IV. SIGNATURES**—This entire form is valid **only** if all pages are signed, dated, and then **witnessed by the same person**. The witness must be **age 21 or older** and **cannot** be a primary or contingent beneficiary of any portion of this TSP account. By signing below, the witness affirms that the participant either signed in the witness's presence or informed the witness that he or she signed it earlier.

Participant Signature: \_\_\_\_\_ Date Signed (mm/dd/yyyy): \_\_\_\_\_ ☐ Check here and go to Page 2 if naming more than 3 primary beneficiaries.

Witness Signature: \_\_\_\_\_ Date Signed (mm/dd/yyyy): \_\_\_\_\_ Witness Print Full Name: \_\_\_\_\_

**Do Not Write In This Section** **FORM TSP-3, Page 1 (5/2017)**  
PREVIOUS EDITIONS OBSOLETE

For more information, see [tsp.gov/lifeevents](https://tsp.gov/lifeevents) or the TSP booklet, "Death Benefits"

# Spouse Beneficiaries

- Will have a beneficiary participant account (BPA) established upon notification of death of TSP participant
- Will automatically be invested in an L fund based on the beneficiary participant's date of birth
- Will have same investment and withdrawal options as separated TSP participants
  - BPA accounts cannot accept transfers or rollovers from other plans or IRAs
  - Interfund transfers follow same rules that apply to all account holders



# Spouse Beneficiaries

- Spouse may designate beneficiaries using Form TSP-3
- Death benefit payments from a BPA are single payments to the designated beneficiaries
  - Cannot be transferred or rolled over to an IRA (to include inherited IRA) or eligible employer plan
- Required Minimum Distributions from BPA:
  - Begin date is based on age of the deceased TSP participant
  - Amount is based on age of the beneficiary





# Considerations with BPA Transfers

	BPA	Other Employer Plan	IRA
Successor Beneficiaries	Death benefit payments to successor beneficiaries may not be transferred or rolled over	Death benefit payments to successor beneficiaries may be transferred or rolled over	Death benefit payments to successor beneficiaries may be transferred or rolled over
Early Withdrawal Penalty	No penalty on early distributions	No penalty on distributions after age 59½ Exceptions exist – see “exceptions slide”	No penalty on distributions after age 59½ (other exceptions may apply)
Spousal Rights	Spousal rights not applicable	Spousal rights apply <b>per</b> applicable laws and plan rules	Spousal rights not applicable
Required Minimum Distributions	Required beginning date based on age of deceased participant & Required payment amount based on spouse’s age	Required beginning date based on when beneficiary turns 70½ or retires, whichever is later	Required beginning date based on when beneficiary turns 70½

# Non-Spouse Beneficiaries

- Paid as a single payment
  - Taxable portion of payments to beneficiary subject to 20% tax withholding
  - Payments transferred to an inherited IRA account not subject to withholding
- Inherited IRAs
  - Allows non-spouse beneficiaries to take the IRC Required Minimum Distribution amount based on their age
  - The remaining balance continues to grow
  - Each year the IRC minimum required distribution increases slightly
  - Beneficiaries may want to seek assistance of a tax professional to discuss options

# To Help Your Transition Go Smoothly...

- Read:
  - Withdrawing Your TSP account After Leaving Federal Service booklet
  - TSP-536, Important Tax Information About Payments from Your TSP Account
- Ensure that personal data on file with the TSP is correct
- Make sure your agency reports your separation to the TSP before submitting withdrawal forms
- If you have a TSP loan, it must be repaid or declared a taxable distribution before your withdrawal can be submitted and processed
- Consider using the online withdrawal wizards to ensure that forms are complete and in good order – and keep a copy for your records



# Remember . . .

- Married FERS and uniformed services participants must print their withdrawal form from the TSP website, and provide notarized participant and spousal signatures
- Stay in touch! You are responsible for updating your TSP address once you are separated
  - Via TSP-9, Website or ThriftLine



# Resources for Participants

Getting Help



tsp.gov



# Thrift Savings Plan

[Home](#) | [Site Help](#) | [What's New](#) | [Forms & Publications](#) | [Contact TSP](#) | [Follow Us:](#)    

You are not logged in: [Log In](#)

**MY ACCOUNT**

- ☒ TSP Account Number
- ☐ User ID

.....

.....

Help [Log In](#)

 [Protect Your TSP Account](#)



## The TSP is Turning 30 This Year!

[Learn More](#)

1

2

3

[My Account](#) | [Plan Participation](#) | [Investment Funds](#) | [Planning & Tools](#) | [Life Events](#) | [Participant Support](#)

Text size: [+](#) [-](#)

### Plan Participation

How to set up and manage your TSP account

- TSP and Your Retirement
- Enrolling in the TSP
- Investing Contributions
- Protect Your TSP Account

[Learn more](#)

### Investment Funds

Information on TSP fund options and performance

- Fund Comparison
- Lifecycle Funds
- Share Prices
- Monthly Returns

[Learn more](#)

### Planning & Tools

Retirement planning and tools for all career stages

- Before You Invest
- Maximize Your TSP Savings
- Calculators

[Learn more](#)

### Life Events

Help with life events affecting your TSP account

- Entering Gov't Service
- Called to Active Duty
- Family Changes

[Learn more](#)

#### BULLETIN BOARD

- Annual participant statements
- IRS Form 1099-R
- 4th quarter participant statements are online and in the mail
- Warning: Third-Party Mobile Applications
- 2017 Contribution Limits
- Help for Hurricane Matthew victims
- The TSP is now on Facebook
- Tips for Protecting Your Account
- Stick to Your Plan
- Update: Information for Federal Public Safety Employees

#### QUICK LINKS

[Change Your Address](#)

[Loan and Annuity Rates](#)

[Contribution Limits](#)

[TSP Training for Benefits Officers](#)

[Forms & Publications](#)

[Fund Performance](#)

[Email Updates](#)

[Frequently Asked Questions](#)

#### ACCOUNT SHORTCUTS

[Account Balance](#)

[Contribution Allocation](#)

[Statements](#)

[Recent Transactions](#)

[Interfund Transfer](#)

# Access Your TSP Account

My Account

Plan Participation

Investment Funds


Planning & Tools

Life Events

Participant Support



**Thrift Savings Plan**

 **MY ACCOUNT**

☒ TSP Account Number

OR

☐ User ID

► **Forgot your account number or user ID?**

**Log In**

**View account balance**

**View Annual & Quarterly Statements**

**Change contribution allocation**

**Request interfund transfers**

**Request loans and withdrawals**

**Create (or change a user ID)**

**Change or request a Web password**



Information

Account Balance

Transactions

Summary

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## Account Balance: Civilian

**Your account balance below is based on share prices as of close of business 09/18/2017.**

Account balance information is updated by 6 a.m., Eastern time, each business day. On occasion, heavy volume during processing cycle may delay the update by a few hours.

Download C

Contribution	Contribution	Allocation
00%		
00%		
00%		
00%		
00%		

Validate Your Contact Information: Civilian

Close ✕

**Validate your contact information to reset your password online.**

Please visit "Profile Settings" to validate your existing email address(es) and/or phone number(s). If you do not validate this information, you will not be able to reset your password online with your email address or phone number.

Validate Your Information

Not Now

[Don't ask me again](#)

L Income	0.0000	\$19.2053	\$0.00	0.00%
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## Validate Your Contact Information: Civilian

Enter Your Validation Code

Please enter the code you received via email or text message. You have 10 minutes to complete the request. If you have not received a message after 10 minutes, or if you leave this screen before you enter the code, you must return to the ["Profile Settings"](#) page in My Account to validate your contact information.

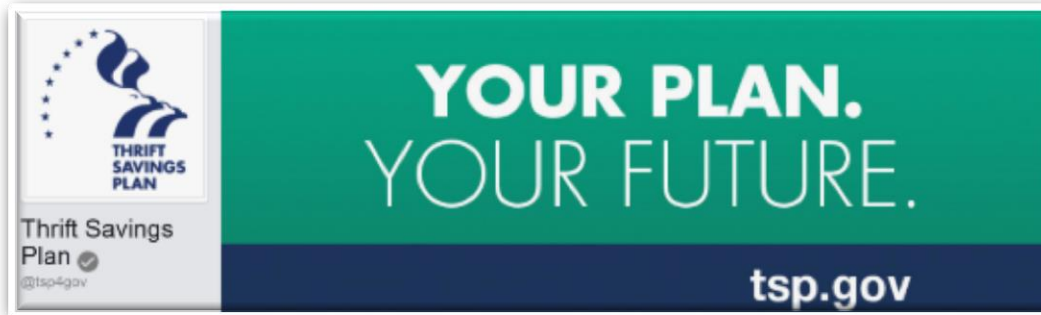
Enter Code:

Why should I validate?

Submit



# Contacting the TSP



You may also visit  
**TSP.GOV**  
and log into "My Account" to perform many of these transactions and inquiries.

Follow us on:

TSP4gov

**Notes**

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Protect your TSP account. Learn more at [tsp.gov/protect](http://tsp.gov/protect)

**ThriftLine**  
**1-877-968-3778**

Available 24 hours a day, 7 days a week.

Outside the U.S. and Canada:  
404-233-6400  
TDD: 1-877-647-4385

**TSP4gov** is the official **YouTube** channel of the Thrift Savings Plan

[Learn more](#)

**TSP IS NOW ON TWITTER!**

FOLLOW US  
**@TSP4GOV**

Secure Message Center: Civilian

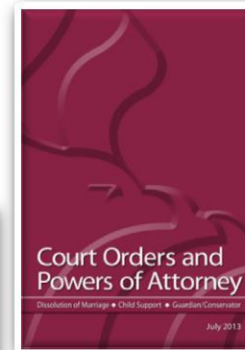
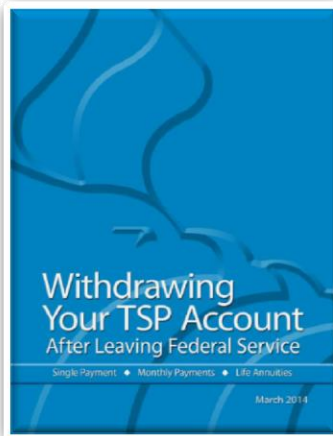
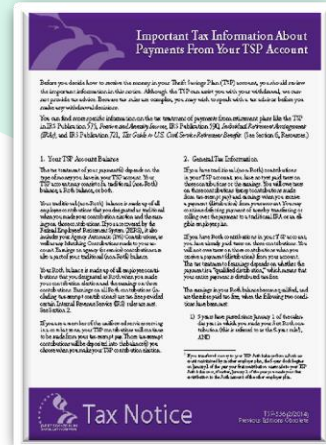
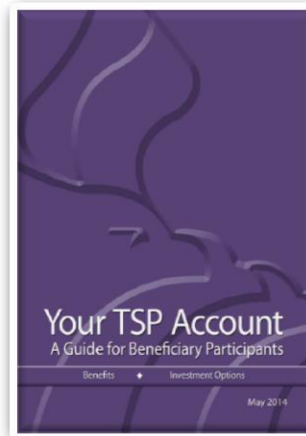
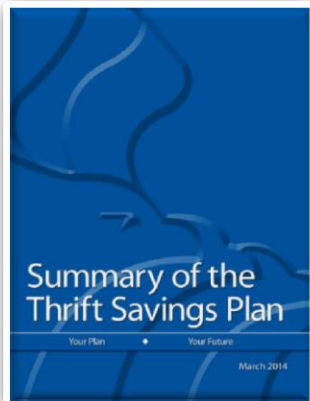
**Answer Center** Messages

The answers to many of your questions can be found right here in the Message Center. If you don't see your question in the list of frequently asked questions, you can search for the answer using our search tool below.

**Find an Answer**



# TSP Publications



# Post-Training Survey

<http://tsptraining.questionpro.com>

